



10 CFR 50.80

Palo Verde Nuclear
Generating Station

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102-04846-GRO/SAB/RMW
October 3, 2002

U.S. Nuclear Regulatory Commission
ATTN: Samuel J. Collins, Director, Office of Nuclear Reactor Regulation
Mail Stop O-5 E7
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

References:

1. APS letter 102-04686, dated April 15, 2002, from Mr. James M. Levine, APS/PWE, to Mr. Samuel J. Collins, NRC, "Application for Order and Conforming Administrative Amendments for License Transfer".
2. APS letter 102-04813, dated July 11, 2002, from Mr. James M. Levine, APS/PWE, to Mr. Samuel J. Collins, NRC, "Response to Request for Additional Information Regarding Application for Order and Conforming Administrative Amendments for License Transfer and Request to Amend the Application".

Dear Sirs:

**Subject: Palo Verde Nuclear Generating Station (PVNGS), Units 1, 2 and 3
Facility Operating License Nos. NPF-41, NPF-51 and NPF-74
Docket Nos. 50-528, 50-529 and 50-530
Request to Stay Issuance of Requested Order and Conforming
Administrative Amendments for License Transfers**

By letter dated April 15, 2002 (Reference 1), Pinnacle West Energy Corporation (PWE) and Arizona Public Service Company (APS)(collectively the "Applicants") submitted their Application for Order and Conforming Administrative Amendments for License Transfer ("Application") requesting NRC's consent to the transfer of APS' existing operating licenses for PVNGS Units 1, 2 and 3 to PWE, and approval of certain conforming administrative amendments to the PVNGS operating licenses to reflect the proposed transfer to PWE. By letter dated July 11, 2002 (Reference 2), the Applicants modified the Application with respect to the treatment of the existing antitrust license conditions.

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In Reference 2, the Applicants notified the NRC that the Arizona Corporation Commission (ACC) had initiated a generic docket to consider, among other things, generation divestiture, market power, and market monitoring issues. As of the date of that filing, the ACC had taken no action directly affecting its approval of APS' restructuring settlement agreement. On September 10, 2002, the ACC issued an order directing APS to "cancel any plans to divest interests in any generating assets". On September 30, 2002, APS filed a motion for reconsideration of their decision with the ACC. In the interim, APS will not transfer its generating assets, including the PVNGS units, pending the results of that motion for reconsideration.

Accordingly, the Applicants request that the NRC complete internal processing of the Application, but not issue any order or conforming administrative license amendments at this time. The Applicants will inform the NRC of the results of the motion for reconsideration and any material impact it may have on the Applicants' plans or PWE's qualifications. The results or an updated status of the proceedings will be provided to the NRC on or before January 10, 2003.

No regulatory commitments are being made to the NRC in this letter.

Please contact Mr. Thomas N. Weber at 623-393-5764 if you have any questions or require additional information.

Sincerely,



GRO/SAB/RMW/kg

cc :

Nuclear Regulatory Commission, Document Control Desk	
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J. N. Donohew	PVNGS Project Manager, NRR
N. L. Salgado	Senior Inspector for PVNGS
A. V. Godwin	Arizona Radiation Regulatory Agency